

1

2

3

4

5

6

7

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

9 In re

10 THE LEGACY ESTATE GROUP, LLC,

No. 05-14659

11 Debtor(s).
12

13 Memorandum on Motion to Approve Employment of Investment Banker

14 The objection of the United States Trustee to the debtor's application to employ Chanin Capital
15 Partners LLC as its investment banker makes several good points. Unfortunately, three realities compel
16 the court to approve the application notwithstanding sound arguments against it.

17 The first reality is that the debtor needs the services of an investment banker urgently. There is
18 not enough time, especially considering the deadlines set by the court this day, to renegotiate the
19 agreement or find a different banker.

20 The second reality is that the employment is supported by the Creditors' Committee. The
21 adverse aspects of the agreement stand to impact the unsecured creditors the most.

22 The third reality is that similar employment agreements have been found to be acceptable by
23 other courts. While the court does not necessarily agree with those courts, nothing in the agreement is so
24 far outside the realm of acceptability as to cause the court to reject the application in these
25 circumstances.

26 For the foregoing reasons, the application to employ Chanin will be approved, with two

1 provisions:

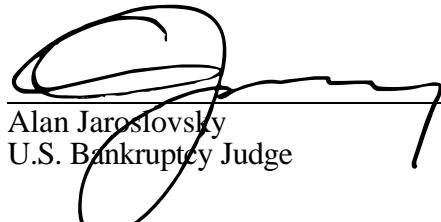
2 1. Nothing in this approval shall be deemed a modification of Laminar Direct Capital, L.P.'s
3 rights under the cash collateral agreement now in effect; and
4 2. Notwithstanding any provision in the employment agreement to the contrary, any party may be
5 heard on any matter relating to Chanin's compensation.

6 Except to the extent addressed above, the objections of the U.S. Trustee and Laminar will be
7 overruled. Counsel for the debtor shall submit an appropriate form of order.

8

9 Dated: February 27, 2006

10

11 
Alan Jaroslovsky
U.S. Bankruptcy Judge

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26